

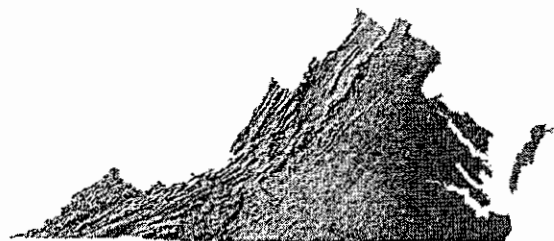


**LYNCHBURG REGIONAL
CONVENTION AND VISITORS BUREAU
PERFORMANCE AUDIT**

September 2005

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Lynchburg Regional Convention and Visitors Bureau

Performance Audit

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Executive Summary

Based on the results of the performance audit, the project team has concluded that the Lynchburg Chamber of Commerce, the Lynchburg Regional Convention and Visitors Bureau (CVB), and the Travel Advisory Council (TAC) are in compliance with the requirements outlined in the City contract. Furthermore, the project team concludes that the CVB has been effective in meeting the goals outlined in its mission statement to promote the Lynchburg region and enhance its image as a destination for leisure visitors, groups and sporting events. However, as with any organization, there are opportunities for improvement.

The following is a summary of the Virginia Tech project team's key findings and recommendations related to the performance, operation and effectiveness of the Lynchburg Regional Convention and Visitors Bureau. It is important that these key findings not be taken out of context and the reader review the entire report to have a complete understanding of the information used to reach these conclusions.

Methodology

To complete this report, a project team from Virginia Tech's Office of Economic Development gathered and assessed regional and industry standard data in three phases. During the first phase, the team made site visits to the Lynchburg region to conduct face-to-face interviews with CVB staff, Chamber management, community leaders, and area economic developers.

Phase two included a written survey completed by CVB staff, an on-line customer satisfaction survey which was distributed electronically to 144 area tourism stakeholders, and the facilitation of a half-day focus group meeting of representatives from tourism related businesses.

The final phase of the audit consisted of a performance measurement and benchmarking study that was conducted by Virginia Tech graduate students as part of their *Advanced Topics in Public Management: Local Government Administration* course. The student

team selected the following CVBs to benchmark: the Charlottesville/Albemarle Convention & Visitors Bureau, Harrisonburg/Rockingham Convention & Visitors Bureau, and the Roanoke Convention & Visitors Bureau. These CVBs were selected based on their geography, size, and accessibility.

Provided below are a list of significant issues raised and the project team's recommendations:

CVB Operations and Performance – Key Findings

- Strengths: Information provided by CVB staff, community leaders, and tourism stakeholders indicate that the CVB's strengths include a well trained staff, effective leadership, and a good working relationship with the State and surrounding counties. The CVB has leveraged their partnership with the chamber to achieve greater recognition in the community.
- Weaknesses: Organization weaknesses include poor internal communication (which may be caused by the geographic separation of employees). The project team recognizes that the CVB has recently taken active steps towards addressing this issue.
- Data Collection: The CVB staff prepares quarterly updates highlighting the number of visits to the Visitors Center, sales totals and marketing activities. Under the existing contract, there are no established measures in place that require the CVB to: 1) prepare these updates, or 2) use this data to estimate the economic impact of the CVB's events and activities or performance.
- Performance Measures: The contract between the City and Chamber of Commerce regarding the operation of the CVB lacks performance goals and measures and specific deliverables (i.e., performance reports, progress reports, financial audits, or marketing plan).

CVB Operations and Performance - Recommendations

- Communication: The project team recommends that Chamber/CVB staff and management continue to take steps toward improving internal communications. The

Chamber has taken steps toward that end by engaging staff and management in communication and leadership workshops.

- Performance Measures: The Lynchburg CVB should develop a method for obtaining, analyzing and reporting the results of their performance. The project team recommends the performance reporting techniques outlined in the IACVB's *Recommended Standard CVB Performance Reporting: A Handbook for CVBs*. A copy of the handbook is provided in Appendix A.

Governance – Key Findings

- Governing Bodies: The LRCVB is currently governed by two organizations: the Chamber of Commerce who serves as the parent organization; and, the Travel Advisory Council (TAC), who advises the Chamber on the operations of the Bureau.
- Chamber: The LRCVB is one of twenty destination marketing organizations in the Commonwealth that operate as an arm of the Chamber. Of those twenty organizations, three are Convention and Visitors Bureaus (CVBs).
- Chamber: The CVB shares resources with the Chamber including human, physical and fiscal capital. Based on focus group findings, it does appear that the CVB is adequately leveraging its affiliation with the Chamber in order to increase its recognition in the community.
- TAC: The TAC is comprised of twelve members. Six representatives are appointed by the City and six representatives are appointed by the Chamber. The current City contract does not: 1) clearly define the purpose and/or role of the TAC regarding accountability and oversight issues, 2) require that representatives from local governments served by the CVB be represented, or 3) provide for budget oversight authority.
- TAC: The TAC currently acts as an advisor to the LRCVB, as well as a liaison between the CVB and the Chamber, but has relatively limited substantive input regarding the operations of the Bureau or the strategic planning process.

Governance – Recommendations

- TAC – The project team recommends that the role and composition of the Travel Advisory Council be specified in future contracts. Best practices indicate that CVB Advisory Councils include a representative from each of the communities located in the CVB service area and at least one representative from each of the primary tourism stakeholders served (i.e. lodging, attractions, restaurants, etc.).
- TAC – The project team recommends that the CVB consider developing a Travel Advisory Council member application form that assesses an applicant's tourism industry experience, their ability to meet the time commitments required of council members, and their marketing and strategic visioning skills. For reference, a copy of the *Tourism Advisory Council Member Application Form* for Prince Edward Island is provided in Appendix B.

Tourism Stakeholders – Key Findings

- Communication: The CVB collects data and produces numerous reports for the Travel Advisory Council for its internal use (Visitor Center traffic, Group sales, number of leads received at trade shows, and marketing activity). Under the existing contract, the CVB is not required to prepare these reports or provide estimates of the economic impact of their activities.
- Economic Indicators: Because the CVB does not currently have an effective means to estimate the effectiveness of their programs and activities, stakeholders are not fully aware of the economic impact the organization has on the community.

Tourism Stakeholders – Recommendations

- Communication: To increase and improve communication with stakeholders, the project team recommends the CVB: 1) share the information collected and prepared for internal reports with stakeholders until a formal performance measurement has been identified, and 2) conduct bi-monthly forums that would allow stakeholders to participate in discussions with CVB management and staff.

- Economic Indicators: The Bureau should develop benchmarking indicators against other CVBs to measure performance on a periodic basis. These comparisons should then be communicated with tourism stakeholders and the Lynchburg community.

PMB – Key Findings

- Funding: The mission of the LRCVB is to promote the Lynchburg region (including the counties of Amherst, Appomattox, Bedford, Campbell, and Nelson as well as the cities of Lynchburg and Bedford) as a destination for leisure visitors, group and sporting events. The primary source of the LRCVB's funding comes from revenues generated from the City of Lynchburg's occupancy tax and \$1 per fee per room/night (of which the CVB receives only \$0.35 for each \$1.00 charged). Additional funding is generated through events and gift shop sales.
- Internet: In comparison to peer CVBs, Lynchburg is doing an adequate job to have itself located on the internet, but there is room for improvement.

PMB - Recommendations

- Funding: The Lynchburg Regional CVB receives its funding from revenue generated by room stays in the City of Lynchburg, events, and merchandise sales. Peer CVBs have larger operating budgets because they receive funding from all of the communities they serve. The CVB may wish to consider such an arrangement to improve its competitive position versus its peer organizations.

Internet: The CVB should attempt to increase their web presence by: 1) including key words on their webpage to increase the likelihood of "hits" and, 2) utilizing Meta Tags ("comments" in the source code) to make it easier for users to find the web site.

Lynchburg Regional Convention & Visitors Bureau

Performance Audit

Project History

The Lynchburg Regional Chamber of Commerce (LRCC) contracted with the Virginia Tech Office of Economic Development (OED) in February of 2005 to conduct a performance audit of the Lynchburg Regional Convention and Visitors Bureau (CVB or Bureau).

What is a Performance Audit?

According to U.S. Government Auditing Standards, a performance audit systematically examines evidence to independently assess the performance and management of a program against objective criteria. Performance audits provide information to improve program operations and facilitate decision-making.¹

Objectives

The primary objective of this performance audit is to provide an independent assessment of the overall performance of the CVB based on data analysis, information collected from interviews, surveys and focus group meetings, and a review of peer bureaus and best practices information.

The key findings of this performance audit are intended to provide a framework for management decision making that can result in improved communications and oversight, operational improvements, and enhanced accountability.

¹ Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2003), p. 21.

Methodology

Research was conducted by the Virginia Tech project team, along with graduate students from Virginia Tech's Center for Public Administration's *Local Government* class, during the five month period of March 2005 through July 2005. The team had an initial meeting with the Chamber's VP of Tourism in February of 2005 to discuss project objectives.

Outlined below is a list of the steps taken by the project team to gather data for the performance audit:

1. Meeting and Data Collection

The Virginia Tech project team made several site visits to the LRCVB to collect data, marketing materials, conduct interviews and site visits, and review questionnaires.

2. Review of Operations

The project team gathered and reviewed LRCVB policy, procedure, research and budget documents, and promotional and marketing materials.

3. Staff Interviews

The project team conducted interviews with CVB management, staff and board members. All of the CVB staff was asked to complete a confidential written survey to identify their opinions and attitudes on Bureau operations.

4. Chamber Interviews

The project team met with members of the CVB staff, the Tourism Advisory Committee, the Finance Committee, and the Chamber President.

5. Economic Developer Interviews

OED interviewed economic development officials in surrounding regions as a means to obtain information on how LRCVB functions impact economic development and their priorities in the region.

6. Community Leader Interviews

The project team conducted detailed interviews with area civic leaders, tourism officials and other stakeholders to gain a better understanding of the impact of the LRCVB's overall operations and mission on their industries.

7. Peer CVB Interviews

Interviews were conducted with peer CVBs and their directors in order to obtain more information on the pros & cons associated with the four different types of CVB organization structures: 1) independent, nonprofit associations, 2) chamber of commerce as non-profit associations, 3) local government agencies, and 4) a specific legal entity.

8. On-line Survey of Tourism Related Businesses

An on-line survey was sent to one-hundred and forty-four (144) tourism-related Chamber member businesses in an effort to gauge stakeholder satisfaction.

9. Focus Group Meeting

The project team, along with Howard Feiertag, a faculty member with Virginia Tech's Hospitality and Tourism Management department, conducted a focus group meeting with area hoteliers, restaurateurs, and tourism related businesses to discuss the relationship and possible issues between the Lynchburg Bureau and the area stakeholders they serve.

10. Performance Measurement and Benchmarking Study

As part of a graduate level course, Virginia Tech students conducted a Performance Measurement and Benchmarking study to compare the activity and performance of the Lynchburg CVB with three peer organizations. Additionally, the graduate students researched the hospitality tax in Virginia localities to determine how those taxes across the state are utilized for tourism.

Format of the Report

The results of the performance audit are presented in seven sections:

- 1) **Executive Summary** – the Virginia Tech project team’s key findings related to the performance, operation and effectiveness of the Lynchburg Regional Convention and Visitors Bureau.
- 2) **Overview of Convention and Visitors Bureaus in the United States** – an overview of the history and organization structure of CVBs.
- 3) **Overview of the Lynchburg Market** – an overview of the demographics, accessibility, and affordability of the market in which the Lynchburg Regional CVB operates.
- 4) **Governance of the LRCVB** – an overview of the CVB’s governing entities.
- 5) **Operations Performance of the LRCVB** - a review of the operational aspects of the LRCVB.
- 6) **Analysis of Primary Data** – the project team’s findings relating to data collected from surveys, interviews, and a focus group meetings designed to assess the impact of the LRCVB on the region.
- 7) **Performance Measurement and Benchmarking Study** - a Performance Measurement and Benchmarking (PMB) study was conducted by Virginia Tech students as part of a graduate level Local Government class. The study compares the activity and performance of the Lynchburg CVB with three peer organizations.

Overview of Convention and Visitor Bureaus in the United States

An overview of CVBs in the United States is included in Appendix C. The overview discusses the history of CVBs, their primary function/role, organization structure and funding.

Overview of the Lynchburg Market

This section of the report provides the reader with a general overview of the market in which the Lynchburg Regional CVB operates.

Demographics

The following is a brief overview of the demographics of the City of Lynchburg and the Lynchburg MSA. This section of the report is designed to familiarize the reader with the general characteristics of the region that the Lynchburg CVB serves.

The Lynchburg Metropolitan Statistical Area (MSA) includes the counties of Amherst, Appomattox, Bedford, Campbell, Nelson and the cities of Bedford and Lynchburg.

The MSA region covers approximately 1,802 square miles, while the City of Lynchburg covers approximately 52 square miles.²

The Lynchburg MSA has a population of approximately 214,911 persons and the population of Lynchburg is approximately 65,269. The median age in the MSA is 38 years compared to 35.1 for the City. The median household income in the MSA is \$18,887 and \$18,263 for the City of Lynchburg. The median household income for the MSA is \$37,010 compared to \$32,324 for the City.³

Accessibility

Accessibility is an important factor for leisure travelers and meeting planners to consider when planning a vacation or selecting a meeting site.

² <http://www.lynchburgva.gov/>

³ U.S. Census 2000

Geographically, the City of Lynchburg is located within 500-mile radius of the major cities of Washington D.C., New York City, NY and Atlanta, GA.

Table 1: Distance of Major Cities from the City of Lynchburg

The City of...	Lies to the...	At a distance of...
Atlanta, GA	South	470 miles
Baltimore, MD	Northeast	214 miles
Chicago, IL	Northwest	697 miles
Greensboro, NC	South	110 miles
New York, NY	Northeast	415 miles
Norfolk, VA	East	195 miles
Pittsburgh, PA	Northwest	323 miles
Richmond, VA	East	114 miles
Roanoke, VA	West	54 miles
Washington, D.C.	Northeast	180 miles

Ground Transportation

The City of Lynchburg is bisected by two major highways (U.S. 29 and U.S. 460), providing visitors easy access to the region. The City is also located within a one hour drive of Interstates 81 and 64.

Air Transportation

Another important factor for meeting planners and tourists when planning a vacation or selecting a meeting site is airport accessibility. The Lynchburg Regional Airport is located near three major highways, giving visitors easy access to the central Virginia region. Airport ground transportation includes four car rental companies, a limousine/sedan service, and taxicabs.

The airport is served by two commercial airlines: Delta Connection/Atlantic Southeast Airlines and US Airways Express/Piedmont. These airlines offers more than 18 daily

arrivals and departures connecting to the Atlanta Hartsfield International Airport, the Charlotte International Airport, and the hubs of Pittsburgh and Washington-Dulles.⁴

Accessibility - Key Findings

- Accessibility to a location is a key factor for tourists and meeting planners when making a site selection.
- Lynchburg is located within a 500-mile radius of several major east coast cities.
- The Lynchburg MSA provides visitors easy access via ground and air transportation.

Affordability

Affordability is another factor that tourists and meeting planners consider when deciding where to vacation or hold a conference.

Table 2 below indicates that the average rate for a hotel room in the Lynchburg MSA in 2004 was \$60.92. This figure was approximately \$25.50 less than the average room rate in the United States and \$23.40 less than the average Virginia rate. The table also shows that the room rate was competitively priced with the nearby Roanoke and Staunton/Harrisonburg MSAs.

⁴ <http://www.lynchburgva.gov/>

Table 2: Average Room Rates (1/01-12/31)
(Sorted in Descending order by Cost for 2004)

Segment	2004	2003	% Change
US	\$86.41	\$83.11	4.0%
Virginia	\$84.32	\$80.26	5.1%
Charlottesville MSA	\$82.13	\$80.95	1.5%
Roanoke MSA	\$62.44	\$61.22	2.0%
Lynchburg MSA	\$60.92	\$58.97	3.3%
Staunton/Harrisonburg	\$60.31	\$59.73	1.0%
Median	\$72.29	\$70.74	2.65%

Source: Smith Travel Research 2004

Affordability - Key Findings

- Hotel room rates are important to meeting planners and cost conscious families.
- The Lynchburg MSA offers competitive room rates for the Central Virginia Region.

Occupancy Tax Information

The transient occupancy tax (or lodging/hospitality tax) is a flat percentage imposed on the charge for the occupancy of any room or space in hotels, motels, boarding houses, travel campgrounds, and other facilities providing lodging for less than thirty days.⁵

The City of Lynchburg charges a total of 5.5% on daily room rates plus an additional \$1 fee per room/night. It is of note that the CVB receives only 35% of the additional \$1.00 fee. Table 3 highlights the 2004 lodging tax rates for communities located in the Central Virginia region. The average lodging tax rate for the area is 3.35%, which is 2.15% lower than the rate charged by Lynchburg. This figure does not include the additional \$1 per room per night fee.

⁵ Tax Rates 2004 Weldon Cooper Center for Public Service, University of Virginia 23rd Annual Ed.

Table 3: 2004 Lodging Tax Rates for Central Virginia

Locality	% Rate
Altavista	5.50%
Amherst	2.00%
Appomattox	0.00%
Bedford County	5.00%
Botetourt County	5.00%
Campbell County	0.00%
City of Bedford	5.00%
City of Lynchburg	5.50%
Franklin County	5.00%
Lexington	4.00%
Nelson County	2.00%
Roanoke City	7.00%
Rockbridge County	4.00%
Town of Amherst	2.00%
Town of Appomattox	5.00%
Town of Brookneal	0.00%
Town of Pamplin	0.00%

Key Findings – Occupancy Tax

- The City of Lynchburg's occupancy tax is competitive with similar communities located in Central Virginia.

Hotel Operations

This section of the report provides data of three different measures of hotel operations: tax revenue generated, average daily rate (ADR) and hotel occupancy rates.